

RECEIVED

FORM MR-RC
Revised June 28, 2002
RECLAMATION CONTRACT

OCT 18 2002

DIVISION OF
OIL, GAS AND MINING

File Number M/043/019
Effective Date Dec. 18, 2002
Other Agency File Number n/a

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---00000---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

111 043 019

SANDSTONE

"MINE LOCATION":
(Name of Mine)
(Description)

BROWNS CANYON MINE

APPROX. 2 MILES WEST OF PEDA, UT
SUMMIT COUNTY, UT

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

20 ACRES

(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

MOUNTAIN VANGUARD STONE, INC.

PO BOX 985

HEBER CITY UT 84082

(Phone)

435 654 0120

0017

"OPERATOR'S REGISTERED AGENT":

Name)
(Address)

(Phone)

STEVE BENNETT - ATTORNEY
3805 S. WASATCH BLVD #300
SALT LAKE CITY UT 84109
801-272-5600

"OPERATOR'S OFFICER(S)":

ROBERT HICKEN, PRESIDENT
PAUL BALLIF, VICE PRESIDENT

SURETY":

(Form of Surety - Attachment B)

LETTER OF CREDIT

"SURETY COMPANY":

(Name, Policy or Acct. No.)

KEYBANK NATIONAL ASSOCIATION
5305076

"SURETY AMOUNT":

(Escalated Dollars)

\$ 79,000 USD

"ESCALATION YEAR":

2007

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between MOUNTAIN VALLEY STONE, INC. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M 043 019 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated JANUARY 22, 2001, and the original Reclamation Plan dated JANUARY 22, 2001. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

MOUNTAIN VALLEY STONE INC.
Operator Name

By Robert John Hicken
Authorized Officer (Typed or Printed)

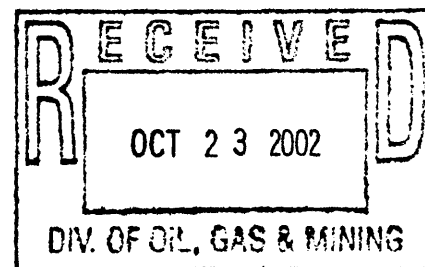
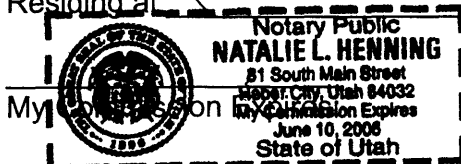
Pres
Authorized Officer - Position

Robert John Hicken 10-21-02
Officer's Signature Date

STATE OF UTAH)
COUNTY OF WASATCH) ss:

On the 21st day of October, 2002, Robert John Hicken personally appeared before me, who being by me duly sworn did say that he/she is the President of Mountain Valley Stone Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Robert John Hicken duly acknowledged to me that said company executed the same.

Natalie L. Henning
Notary Public
Residing at _____



DIVISION OF OIL, GAS AND MINING:

By

Mary Ann Wright
Mary Ann Wright, Associate Director

Date

December 18, 2002

STATE OF

Utah

) ss:

COUNTY OF

Salt Lake

On the 18th day of December, 2002, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Associate Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.

Joelle Burns
Notary Public

Residing at:

SLC Ut

April 4, 2005

My Commission Expires:



ATTACHMENT "A"

MOUNTAIN VALLEY STONE INC. BROWNS CANYON MINE
Operator Mine Name

M 043 019 SUMMIT County, Utah
Permit Number

LEGAL DESCRIPTION

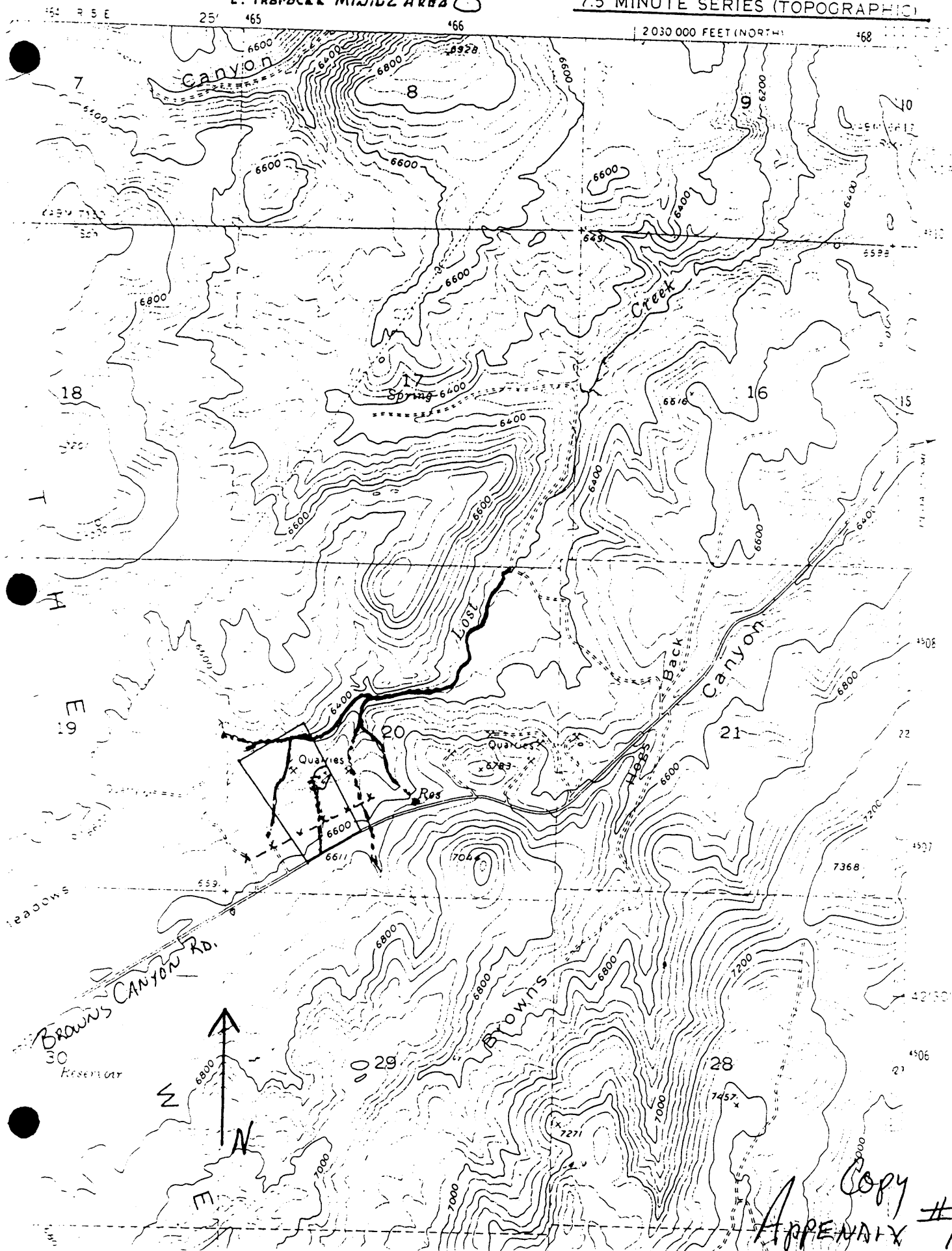
Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 20 acres under the approved permit and surety, as reflected on the attached map labeled MOUNTAIN VALLEY STONE GENERAL and dated 9-06-02: LOCATION MAP (GPS)

W1/2 NE1/4 SW1/4 and E1/2 NW1/4 SW1/4 and
NW1/4 SE1/4 SW1/4 and NE1/4 SW1/4 SW1/4
Section 20, Township 1 South, Range 5 East
Summit County, Utah

- B. STREAMS
- ELECTRIC LINES
- C. ACCESS RD
- D. KNOWN MINING AREAS
- E. PROPOSED MINING AREA

PARK CITY EAST QUADRANGLE
UTAH
7.5 MINUTE SERIES (TOPOGRAPHIC)



Copy #1
APPENDIX

Mountain Valley Stone, Inc. Brown's Canyon Mine M/043/019

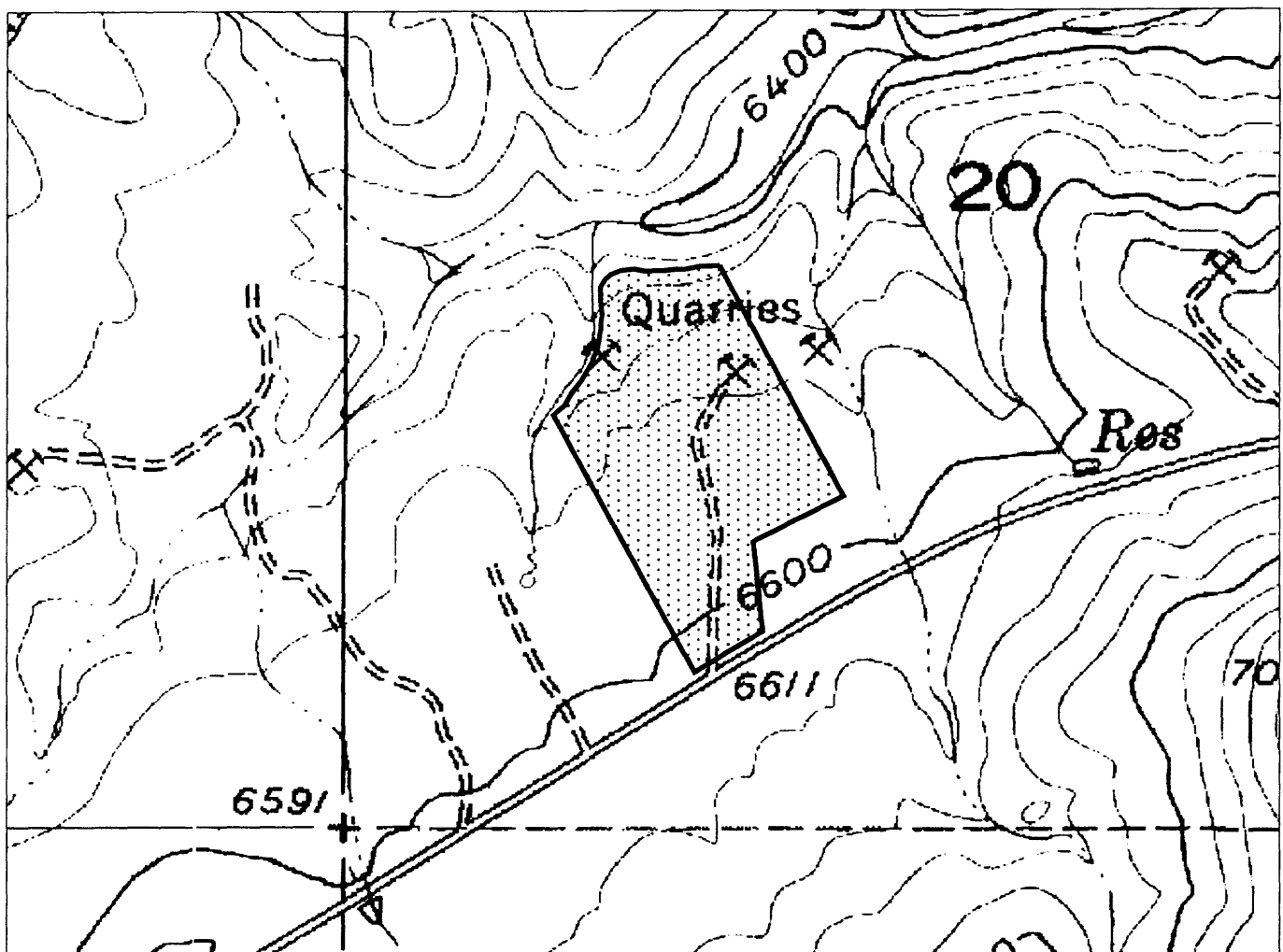
Legal Description:

Township 1 South, Range 5 East, SLBM
W/2 of the NE/4 of the SW/4,
E/2 of the NW/4 of the SW/4,
NW/4 of the SE/4 of the SW/4 and the
NE/4 of the SW/4 of the SW/4 of Section 20.
Summit County, Utah

General Location Map



Project Area
(26 acres)



Park City East Quad

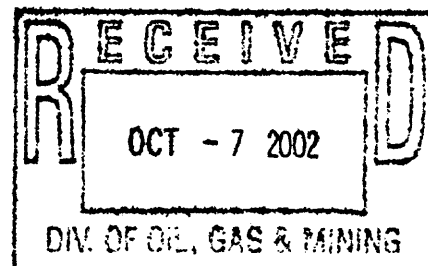
0 500 1000 1500 2000 Feet





M/043/019

KEYBANK NATIONAL ASSOCIATION
STANDBY LETTER OF CREDIT
PROCESSING AND SERVICE CENTER
MAIL CODE: OH-01-51-0435
4910 TIEDEMAN ROAD
CLEVELAND, OHIO 44144-2338
TEL NO: 216-813-3698, -3701, -3713
FAX NO: 216-813-3719



OCTOBER 04, 2002

BENEFICIARY:
UTAH DIVISION OF OIL, GAS
AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
BOX 145001
SALT LAKE CITY, UTAH 84114-5001

APPLICANT:
MOUNTAIN VALLEY STONE, INC.
P.O. BOX 985
HEBER CITY, UT 84032

WE HEREBY AMEND OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER
AS FOLLOWS:

AMENDMENT SEQUENCE NUMBER: 001

1.) LETTER OF CREDIT AMOUNT IS INCREASED BY USD \$4,000.00
CREDIT AMOUNT AFTER AMENDMENT: 79,000.00 UNITED STATES
DOLLARS

2.) APPLICANT'S ADDRESS IS AMENDED TO READ AS:

P.O. BOX 985
HEBER CITY, UT 84032

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED. THIS AMENDMENT
IS TO BE CONSIDERED AN INTEGRAL PART OF THE LETTER OF CREDIT AND
MUST BE ATTACHED THERETO.

KEYBANK NATIONAL ASSOCIATION


AUTHORIZED SIGNATURE


AUTHORIZED SIGNATURE



A KeyCorp Bank

KEYBANK NATIONAL ASSOCIATION
4910 TIEDEMAN ROAD
OH-01-51-0435
CLEVELAND, OHIO 44144-2338 U.S.A.

RECEIVED

JUL 31 2002

DIVISION OF
OIL, GAS AND MINING

SWIFT: KEYBUS33LCC
TELEX: 212525 SNB UR
FAX: (216) 813-3719
PHONE: (216) 813-3701

m/c 43/019

DATE: July 26, 2002

Irrevocable Standby Letter of Credit No. S305076

Beneficiary:
Utah Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801


Applicant:
Mountain Valley Stone, Inc.
2276 South Daniels Road
Heber City, Utah 84032

AMOUNT: 75,000.00

EXPIRY: July 26, 2003

Gentlemen and Ladies;

1. KeyBank National Association ("Bank") of Cleveland, Ohio, hereby establishes this Irrevocable Letter of Credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed \$75,000.00 (Seventy five thousand and 00/100 United States dollars) effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Cleveland, Ohio time) on July 26, 2003 (expiry date) or (b) the date upon which sufficient documents are executed by the Division to release Mt. Valley Stone("Operator") from further liability for reclamation of the Browns Canyon Mine, M-043019 with notice to the Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended without amendment for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division at least 90 days prior to the expiration date by courier that the Bank elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. ' _____ delivered to the office of the KeyBank National Association, 4910 Tiedeman Road, OH-01-51-0435, Cleveland, Ohio 44144-2338. At the Division's sole election the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division, and the original of this letter of credit.


Authorized Signature


Authorized Signature




A KeyCorp Bank

KEYBANK NATIONAL ASSOCIATION
4910 TIEDEMAN ROAD
OH-01-51-0435
CLEVELAND, OHIO 44144-2338 U.S.A.

SWIFT: KEYBUS33LCC
TELEX: 212525 SNB UR
FAX: (216) 813-3719
PHONE: (216) 813-3701

5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit available to the Division no later than the close of business, Cleveland, Ohio time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.
6. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
7. All communications regarding this Letter of Credit will be addressed to KeyBank National Association, 4910 Tiedeman Road, OH-01-51-0435, Cleveland, Ohio 44144-2338, referencing Letter of Credit No.


Authorized Signature
Authorized Signature



KEYBANK NATIONAL ASSOCIATION
STANDBY LETTER OF CREDIT
PROCESSING AND SERVICE CENTER
4910 TIEDEMAN ROAD
CLEVELAND, OHIO 44144-2338
MAIL CODE: OH-01-51-0435
TEL NO: 216-813-3701

JULY 26, 2002

EXHIBIT A-SIGNED DRAFT
TO
LETTER OF CREDIT NUMBER

DATE CITY COUNTY LETTER OF CREDIT NO.


FOR TO THE ORDER OF UTAH DIVISION OF OIL, GAS AND MINING

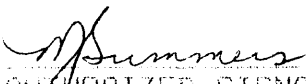
DOLLARS.

TO:
KEYBANK NATIONAL ASSOCIATION
4910 TIEDEMAN ROAD
CLEVELAND, OHIO 44144-2338

UTAH DIVISION OF OIL, GAS AND MINING
1394 WEST NORTH TEMPLE SUITE 1210
PO BOX 145000
SALT LAKE CITY, UTAH 84114-5801

BY: AUTHORIZED SIGNATURE

KEYBANK NATIONAL ASSOCIATION

AUTHORIZED SIGNATURE


AUTHORIZED SIGNATURE



KeyBank

KEYBANK NATIONAL ASSOCIATION
STANDBY LETTER OF CREDIT
PROCESSING AND SERVICE CENTER
4910 TIEDEMAN ROAD
CLEVELAND, OHIO 44144-2338
MAIL CODE: OH-01-51-0435
TEL NO: 216-813-3701

JULY 26, 2002

EXHIBIT B
TO
LETTER OF CREDIT NUMBER

I, _____, A SOLELY AUTHORIZED
REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING,
HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF
\$ _____ BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE,
UNDER LETTER OF CREDIT NO. _____ DATED JULY 26, 2002
ISSUED BY YOU IS PERMITTED UNDER THE PROVISION OF THE LETTER
OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR
TERMINATED PURSUANT TO ITS TERMS, (3) THE AMOUNT OF THE SIGHT
DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE
LETTER OF CREDIT, DOES NOT EXCEED THE FACE AMOUNT, AND (4)
THE UTAH BOARD OF OIL, GAS AND MINING, AFTER NOTICE AND
HEARING, HAS ENTERED AN ORDER WHICH HAS NOT BEEN STAYED,
ORDERING FORFEITURE OF LETTER OF CREDIT NO. _____ IN
ACCORDANCE WITH APPLICABLE LAW. PROCEEDS OF THIS DRAWING WILL
BE UTILIZED IN FULL TO PAY THE EXPENSES RELATING TO THE
RECLAMATION LIABILITY, TOGETHER WITH THE COST OF COLLECTION,
INCLUDING ATTORNEYS FEES, FOR THE BROWN CANYON MINE, M-043019.

THE UTAH DIVISION OF OIL, GAS AND MINING

BY:

AUTHORIZED SIGNER

DATE: _____

KEYBANK NATIONAL ASSOCIATION

AUTHORIZED SIGNER

AUTHORIZED SIGNER